

Claims 1-19 are pending in this application. Claims 1-19 were rejected under 35 U.S.C. 102 and 103 by the Examiner. The specification was also objected to under 35 U.S.C. 112. The Examiner has required applicant to submit a drawing to facilitate understanding of the invention under 37 CFR 1.81(c). These rejections are respectfully traversed.

Amendment

In the Specification

Please amend the specification at page 3, line 8, as follows:
~~5,844,285~~ 5,884,285 to Atkins.

Claim Listing

1. (Original) A system for remotely and automatically managing group based investment allocation comprising:
 - a) a first computer system, wherein said first computer system can automatically connect to other financial institution's computer systems and execute financial trades on said other financial institution's computer systems, and receive account trading status reports back from said other financial institution's computer systems;
 - b) a second computer system, connected to said first computer system, wherein managers of investment accounts can enter instructions and receive status reports on the status of the investments making up the investment group from said financial institution's computers through said first computer system and then through said second computer system;

- c) wherein said managers of said investment accounts can define, on said second computer system, groups of multiple investments, on which said manager desires to execute a set of trade instructions;
- d) wherein, said set of trade instructions, from said second computer, concerning each of said managers of said investment accounts defined group of investment, is received by said first computer system;
- e) wherein, said first computer system automatically organizes said same set of trade instructions for a group of investment accounts into separate instructions for each individual investment account and transmits said instructions to said financial institution's computer system for each said individual investment account;
- f) wherein, said financial institutions computer system responds back to said first computer system with the results of each individual trade; and,
- g) wherein said first computer system recompiles said information from each individual trade into said user defined group and forwards said information to said second computer system, wherein said managers can view said results on an individual account or on a group account basis.

2. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, further comprising definable trading day cut off times for each investment.

3. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, automatically execute a target account re-allocation.

4. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, automatically execute a target account transfer of all money from one or more investments and distribute it amongst one or more other investments by target percentages.
5. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, automatically execute regular, pre-timed target account transfer of all money from one or more investments and distribute it amongst one or more other investments by target percentages.
6. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, modify, cancel or adjust multiple investments at one time.
7. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investments can, through said second computer system, automatically prepare client status reports for a group of contracts, with details on each individual contract.
8. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can,

through said second computer system, automatically conduct multiple transactions on individual accounts within groups of accounts without human intervention.

9. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein each transaction is automatically checked to ensure that contracts in a group have at least one financial position in common for trades.

10. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein each transaction is automatically checked to ensure that individual contracts do not have outstanding trades placed on them that would negatively impact the trade for that group.

11. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, form ad-hoc groups of contracts.

12. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, form standing groups of contracts.

13. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said managers of said investment accounts can, through said second computer system, automatically cancel or modify transactions on individual accounts within groups of accounts before trade cut off time.

14. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said first computer system and said second computer system are physically one computer system.

15. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said first computer system and said second computer system are computer systems in a server and client relationship, respectively.

16. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein the financial group investment is in the form of mutual funds.

17. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein the financial group investment is in the form of annuities.

18. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein the financial group investment is in the form of insurance.

19. (Original) A system for remotely and automatically managing group based investment allocation, as recited in claim 1, wherein said first computer system and said second computer system are physically multiple separate computer systems.

Claim 1 was rejected under 35 U.S.C. 102(e) as being anticipated by Wallman U.S. Patent No. 6,601,044. The Examiner characterizes Wallman as follows: Wallman discloses a computer-based system for creating a portfolio of assets and executing trades in the assets to modify the portfolio.

The Wallman system receives votes via computer network from the participants of the financial investment fund regarding executing a market order for a security, wherein each participant is a partial-owner of the financial investment fund (column 20, lines 52-55). The system includes a graphical interface processor interface with an investor's personal computer to select a plurality of assets to be in the investor's portfolio based on the investor's preferences (Abstract). The system automatically groups the investor's based on their characteristics such as risk and return, affinity group preference, investment strategies, etc. (column 15, lines 11-21, lines 37-46).

Wallman's system includes a central processor coupled to the communications interface to receive a plurality of trading orders and forward them for execution to a third party. (Abstract, column 11, lines 61-63). The examiner interprets that "a third party" in Wallman's disclosure as a money manager with the capability and authority to interact with the system to execute the trade orders.

Applicant respectfully traverses this rejection. The present invention at page three, lines 21-25, states, "Until the present invention, each annuity manager (Money manager or Annuity manager or financial manager, or Managers of investment accounts as in claim 1) had to enter the same information to rebalance, change or modify each investment for each separate annuity contract. This has been a time consuming, expensive

and error prone area of annuity management.” At page 4, lines 4-8, the application states, “An object of the instant invention is to provide a method for an annuity or financial manager to enter the desired information once for a defined group of annuity or financial contracts and for that information to be parsed to the individual contract, forwarded to, and acted on by financial institutions.”

The Managers of investment accounts in claim 1 is not the “third party” but is the “first party” in the present invention. The third party in the present invention is another financial institution whose computers carryout the trades as dictated by the first computer. The first computer system receives said set of trade instructions from the second computer system, concerning each of manager’s defined group of investments, and automatically organizes said same set of trade instructions for a group of investment accounts into separate instructions for each individual investment account before it communicates with the computers at the third party financial institution.

Nor can the manager of accounts in the present invention be considered the equivalent to an individual or small investor. The goal of Wallman, U.S. Patent 6,601,044, is to bring investing directly to the consumer. In the paragraph immediately preceding the Summary of Invention, Wallman states, “The present invention is therefore directed to the problem of developing a method and apparatus for enabling an individual or smaller investor, or an investor investing a smaller amount, to create and manage, on a cost-effective basis, a complex portfolio of securities.”

The manager of annuity, insurance or mutual fund accounts works in a vastly different environment, and on a vastly different scale, and with different regulations, than the individual investor. The individual investor described in the present invention is a

contractor or annuitant. The manager is a fiduciary handling a vast number of such contracts. For example, see the present application at page 2, lines 4-18. The contractor (individual investor) of an annuity or insurance contract or mutual fund is not setting up a profile or placing trade orders. He/she is a long-term investor who places their money in the hands of the money manager or institution. Insurance carriers such as The Hartford, Pacific Life and Prudential Life, and distributors - Merrill Lynch, Robert W. Baird, Stifel, Nicolaus, Wachovia Securities in this case exemplify the money manager. Each month, the applicant's invention processes nearly 15,000 annuity transactions – with a total value of approximately \$1.5 billion – over the Internet for more than 20 brokerage firms.” (from the Finetre/AnnuityNet website at <http://www.finetre.com>, or <http://www.AnnuityNet.com>).

Specifically, claim 1(c) calls for a managers of said investment accounts who handle accounts belonging to multiple clients:

c) wherein said managers of said investment accounts can define, on said second computer system, groups of multiple investments, on which said manager desires to execute a set of trade instructions;

The Wallman patent teaches exactly the opposite teaching of the instant invention. The Wallman patent teaches a method and apparatus for small and individual investors to manage their own portfolio. The instant invention teaches the extremely complex method and apparatus for managers to simultaneously manage billions of dollars of assets for thousands of individual investors, in keeping with complex asset and institutional requirements and objectives. The invention in Wallman is simply not set up to provide the functionality of the instant invention.

The patent to Wallman simply does not suggest or comprehend a platform with the capability or functionality of the present invention. Wallman was not in possession of such an idea as disclosed in the instant invention when he invented his invention aimed at the individual small investor. The instant invention addresses industrial scale annuity and account management for billions of dollars a month for thousands of clients. The functionality of Wallman does not suggest the complex issues involved in efficiently and simultaneously managing billions of dollars of assets for thousands of clients as is taught by the instant invention.

Wallman neither anticipates nor renders claim 1 obvious. Wallman simply does not address the technical complexity of a single manager automatically managing and balancing the investments in thousands of accounts owned by different parties with billions of dollars in assets. Accordingly, Applicant respectfully requests reconsideration and withdrawal of this rejection.

Claims 2-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Wallman in view of Official Notice. Regarding Claims 2-10 and 13, the Examiner states that Wallman does not explicitly disclose: define trading day cut off times for each investment; execute regular, pre-timed target accounts by target percentages; modify, cancel, adjust investments; prepare reports for a group of contracts; conduct multiple transactions on individual accounts within groups of accounts without human intervention; check errors in contracts; check contract to ensure it does not have outstanding trades; and cancel or modify transactions on individual accounts within groups of accounts before trade cut off times.

The Examiner takes an Official Notice that such features are well known in the art of managing a financial investment for the purposes of more efficiently managing investment portfolio and therefore, it would have been obvious to one with ordinary skill in the art at the time the invention was made to modify Wallman to incorporate the well known features for the purpose of more efficiently managing investment portfolio, thereby, reducing the risk of loss in investing.

Regarding claims 11 and 12, Wallman's system automatically groups the investors based on their input characteristics such as risk and return level, affinity group preference, investment strategies, etc (column 15, lines 11-21, column 16, lines 37-46).

Regarding claims 14, 15, and 19, Wallman's system is a computer network system and connects to the Internet (column 13, lines 39-45).

Regarding claims 16, 17 and 18, Wallman's system works for any financial group investment (column 17, lines 48-54).

This rejection is respectfully traversed. Wallman discloses a system aimed specifically at the individual investor or a small group of investors who might be capable of pooling their assets to make a trade more cost effective with their small individual investments. In the instant invention, the money manager is an individual or organization that manages billions of dollars and thousands of accounts in ways that are simply not contemplated by Wallman, as set out above.

The instant claims and the disclosure taken together show that the claimed invention is very different from that of Wallman. The person of ordinary skill in the art

in the present invention is not taking trade orders from individual investors or small traders based on investor profiles. The person of ordinary skill in the art in this invention is a fiduciary of contracts representing in the aggregate, large sums of money who deals with a huge group of accounts comprising mutual funds, annuities, or insurance contracts or possibly all three and uses the instant invention to manage those assets. This is far different from the skills involved in an individual investor managing his own portfolio.

Applicant recognizes that the Examiner is on safe ground to invoke Official Notice on a first Office Action. However, an Examiner takes Official Notice only that the rejected claims comprise specific common practices in the field. To make a *prima facie* case of obviousness, the Examiner must show evidence that each such practice has been combined with a computer system for defining and executing trade orders prior to the filing date of the present application in the large scale financial transactions provided by the instant invention. Moreover, the Official Notice as practiced here constitutes a rejection of less than the entire claim. The entire claim must be read with the steps of claim 1. Accordingly, a *prima facie* case of obviousness has not been made and is traversed.

Assuming for the sake of argument that the USPTO retains the belief that a *prima facie* case of obviousness has been made, the rejection must fail in the absence of prior art that shows not only a combination of elements but also a motivation to combine them.

The Examiner has stated that the elements in these claims are not taught in Wallman. The Examiner has combined Wallman with Official Notice but has failed show a motivation to combine Wallman with the Official Notice. This forms a hindsight argument which 35 U.S.C. 103 is intended to prevent. In this instance the Examiner has

presented no references showing the combination of elements, and therefore denied Applicant a way to evaluate the Examiner's performance of what has come to be known as the "motivation-suggestion-teaching" test. We can only point out the analysis that is required and that without references such an analysis is impossible either for Applicant or the Examiner.

Most inventions involve "a combination of old elements" where each element is found somewhere in the prior art. However, the combination can be patentable as a whole if the combination creates something new and nonobvious. When rejecting a patent application as obvious based on multiple prior art references, the PTO must articulate the motivations for selecting references and combining them together. This has come to be known as the "motivation-suggestion-teaching" test. The "motivation-suggestion-teaching" test asks not merely what the references disclose, but whether a person of ordinary skill in the art, possessed with the understandings and knowledge reflected in the prior art, and motivated by the general problem facing the inventor, would have been led to make the combination recited in the claims. Even under the APA there must be some scintilla of evidence that a person would be motivated to combine the elements. In this instance, the Examiner has merely noted that the claims contain old elements, and therefore, they are combinable with Wallman. However, mere identification in the prior art of each element is insufficient to defeat the patentability of the combined subject matter as a whole. The Examiner is required to articulate the basis on which it concludes that it would have been obvious to make the claimed invention.

In practice, this requires the Examiner to explain the reasons one of ordinary skill in the art would have been motivated to select the references and to combine them to render the claimed invention obvious. This entails consideration of both the "scope and

content of the prior art" and "level of ordinary skill in the pertinent art" aspects of the Graham test.

When the Examiner does not explain the motivation, or the suggestion or teaching, that would have led the skilled artisan at the time of the invention to the claimed combination as a whole, we infer that the Examiner used hindsight to conclude that the invention was obvious. The "motivation-suggestion-teaching" requirement protects against the entry of hindsight into the obviousness analysis, a problem which § 103 was meant to confront. *In re Kahn* (Fed. Cir. 2006, 04-1616).

Regarding claims 11 and 12, the Examiner points out that the Wallman system groups investors by their input characteristics such as risk and return level, affinity group preference, investment strategies etc. By contrast, the present invention does not group investors by any criteria. That presumably is a self-sorting process that takes place prior to entering into a contract, not at the time the groupings are made. The present invention is used to manage groups of annuity or financial contracts. An object of the instant invention is to provide a method for an annuity or financial manager to enter the desired information once for a defined group of annuity or financial contracts and for that information to be parsed to the individual contract, forwarded to, and acted on by financial institutions.

With regard to claims 14, 15 and 19, Applicants have explained the differences between Wallman and the present invention. To state that they are both computer systems connected to the Internet is to place both in a vast and undefined category.